

Citi Emerging Europe Middle-Market Corporates **2013 Survey**

Central & Eastern Europe & the Middle East
December 5, 2013

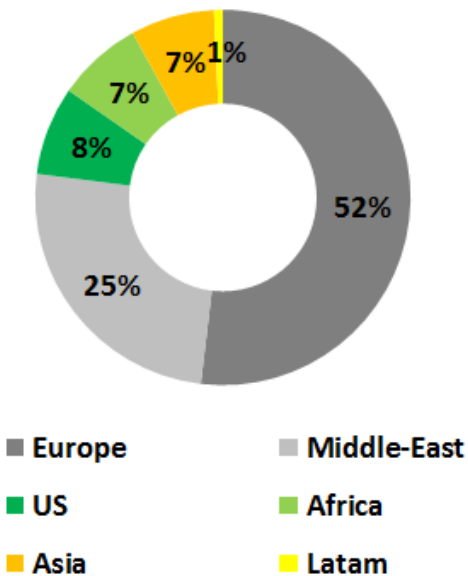
The survey

- 83% of the 1416 respondents are senior financial executives, while 61% of those are CEOs, CFOs or Managing Partners...
- ...from companies based in Bahrain, Czech Republic, Hungary, Jordan, Poland, Romania, Russia, Turkey and the UAE...
- ...with average annual overall revenue of USD 44 million, 73% of companies polled have up to USD 35 million in revenue while 27% generate revenue well above that amount.

More than half are planning to expand internationally...

- 58% of larger* companies polled expect to expand internationally within two years...
- ...while 37% of smaller** companies expect to do the same.
- and the most popular places for expansion are European and Middle Eastern locations

Int'l Expansion Destination by All Companies Polled

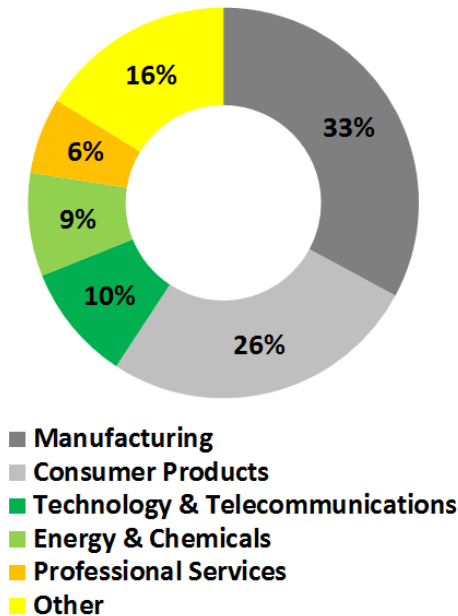


Most Popular Expansion Destination by Country

Destination ↓	UAE	Jordan	Bahrain	Czech	Hungary	Poland	Romania	Russia	Turkey
UAE		17%	20%						
Qatar	22%		18%						
Saudi Arabia	19%		14%						11%
Other Middle Eastern Country	20%	25%	17%					20%	11%
Czech Republic					12%	10%	6%	5%	
Hungary				6%		6%	6%		
Poland				9%	10%		12%		
Romania					18%	6%			
Russia				14%	4%	10%			14%
Turkey		8%		6%					
UK		8%	7%	10%	6%	7%	10%	5%	10%
Other European Country	5%	4%	4%	41%	44%	47%	40%	40%	18%
Africa	9%		4%						26%
Asia	18%	8%	4%	6%	6%	6%		18%	
Latam		8%	4%				6%		
US	7%	21%	9%	7%		9%	20%	13%	10%

While Manufacturers and Consumer Producers plan to grow the most...

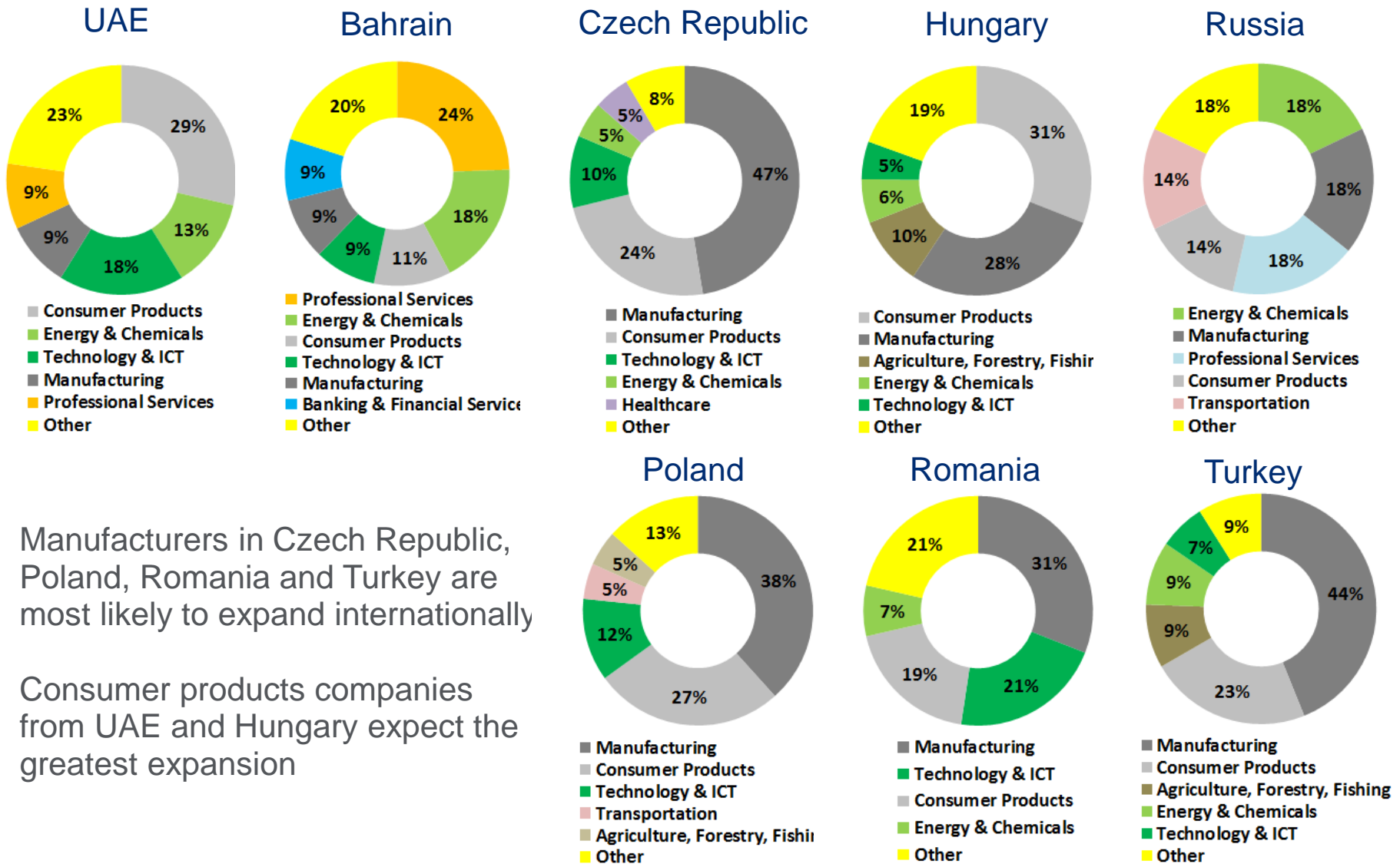
International Expansion Planned by Industry (Regional Top Five)



International Expansion Planned by Country

Industry \ Country	UAE	Jordan	Bahrain	Czech	Hungary	Poland	Romania	Russia	Turkey	
Agriculture, Forestry, Fishing				2%	3%	10%	5%	2%	4%	9%
Banking & Financial Services	2%	8%	9%		2%	2%	2%	4%	2%	
Consumer Products	29%	8%	11%	24%	31%	27%	19%	14%	23%	
Defense	1%									
Education	3%	8%	4%		1%	3%				
Energy & Chemicals	13%		18%	5%	6%	3%	7%	18%	9%	
Entertainment & Media	4%	8%	2%	2%	1%		2%		1%	
Government			2%							
Healthcare	4%			5%	4%	2%	5%	4%	2%	
Manufacturing	9%	31%	9%	47%	28%	38%	31%	18%	44%	
Professional Services	9%	8%	24%		4%	2%	5%	18%	2%	
Public Sector & Non-profit		15%				2%				
Real Estate	3%	8%	2%	2%	4%			4%	1%	
Technology & ICT	18%	8%	9%	10%	5%	12%	21%	4%	7%	
Transportation	5%		7%	2%	4%	5%	5%	14%	2%	

Each country differs by industry expansion



- Manufacturers in Czech Republic, Poland, Romania and Turkey are most likely to expand internationally
- Consumer products companies from UAE and Hungary expect the greatest expansion

But there are challenges...

Four of the most common challenges around the region are:

1. Achieving sales growth or dealing with a sales decline
2. Expanding internationally
3. The changing economic environment
4. Managing working capital

While at the country level...

- 22% of both UAE and Turkish companies cite the need to **increase sales**
- 21% of clients based in Czech, Poland and UAE and 26% of those in Russia cite **international expansion** as their greatest challenge
- 23% of clients based in Jordan, Romania and Turkey worry about the **changing economic environment**
- 21% of Russian companies mention **managing working capital**

What financial products will companies use to expand in the next year?

- The top products or services companies plan to use to expand are primarily Lines of Credit, Liquid Short Term Investments, Business Credit Cards, Foreign Exchange and Receivables/Invoice Managements Services.

Product	Bahrain	Czech	Hungary	Jordan	Romania	Russia	Turkey	UAE	Poland	Total
Lines of Credit	20	10	81	1	12	18	18	34	33	227
Business Credit Cards	23	15	62	1	14	27	16	52	16	226
Liquid Short Term Investments	14	31	43	4	23	15	42	28	25	225
Receivables/Invoice Management Solutions	8	32	52	1	26	20	35	35	15	224
Accounts Receivable Loan - Factoring	9	34	59	0	20	6	29	33	23	213
Long Term Investments	16	36	33	6	23	7	49	24	16	210
Foreign Exchange Forwards / Foreign Exchange	12	38	48	1	18	3	40	26	21	207
Overdraft protection	15	14	54	0	17	17	25	22	19	183
Term Loan	11	29	47	1	18	11	29	24	8	178
Stand-by Letter of Credit	13	8	53	2	5	11	29	28	23	172
Import/Export Letter of Credit	10	26	30	2	10	3	29	29	13	152
Deposit Accounts	3	21	47	0	17	0	18	17	24	147
Spot Foreign Exchange	11	12	43	0	1	13	28	22	6	136
Loans Sponsored by Government	5	8	57	2	3	2	38	8	9	132
FX Wires/ Drafts	8	18	23	2	6	12	32	25	4	130

*Respondents polled on products they use across all of their banking relationships including Citi.

Versus the products companies currently use the most...

- The top five products or services companies use are Payments, Deposit Accounts, Foreign Exchange Wires, Spot Foreign Exchange and Lines of Credit

Product	Bahrain	Czech	Hungary	Jordan	Romania	Russia	Turkey	UAE	Poland	Total
Payments	56	245	278	19	126	104	148	118	144	1238
Deposit Accounts	64	114	135	20	60	127	136	112	70	838
FX Wires/ Drafts (outgoing/ incoming FX wires)	31	88	200	6	55	82	73	54	118	707
Spot Foreign Exchange	8	101	131	3	96	68	80	24	82	593
Lines of Credit	8	170	46	4	71	13	150	49	24	535
Business Credit Cards	14	51	39	4	27	22	112	23	54	346
Overdraft protection	4	5	145	4	4	11	28	35	76	312
Foreign Exchange Forwards / Foreign Exchange	4	76	64	3	16	1	64	11	30	269
Term Loan (Collateralized or Un-Collateralized)	4	46	36	3	16	4	100	39	8	256
Import/Export Letter of Credit	14	29	14	4	9	5	99	54	20	248
Liquid Short Term Investments	9	15	38	1	18	28	53	16	15	193
Receivables/Invoice Management Solutions	15	27	26	4	12	12	51	25	13	185
Stand-by Letter of Credit	6	3	61	2	2	11	23	27	37	172
Documentary/Trade Collections	8	13	4	3	5	1	44	40	15	133
Accounts Receivable Loan - Factoring	2	24	12	3	20	12	21	12	19	125

*Respondents polled on products they use across all of their banking relationships including Citi.

Methodology

- The study was based on statistical data on expectations for the future business environment and expansion plans from 1416 Citi Commercial Banking clients in Central and Eastern Europe and the Middle East
- The study took a snapshot of data as of September 2013

Disclaimer

This communication is prepared by Citi Commercial Bank (“CCB”), a business of Citigroup, Inc. (“Citigroup”), which provides its clients access to a broad array of products and services available through Citigroup, its bank and non-bank affiliates worldwide (collectively, “Citi”). Not all products and services are provided by all affiliates, or are available at all locations. CCB personnel are not research analysts, and the information in this communication is not intended to constitute “research”, as that term is defined by applicable regulations.

All views, opinions and estimates expressed in this communication (i) may change without notice, and (ii) may differ from those views, opinions and estimates held or expressed by Citigroup or other Citigroup personnel. Recipients of this communication should obtain advice based on their individual circumstances from their own tax, financial, legal and other advisors before making an investment decision, and only make such decisions on the basis of the investor’s own objectives, experience and resources.

Citi Commercial Bank is a business of Citigroup Inc. (“Citigroup”), which provides its clients access to a broad array of products and services available through bank and non-bank affiliates of Citigroup. Not all products and services are provided by all affiliates or are available at all locations.

This document is for information purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities to any person in any jurisdiction. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially.

Citigroup, its affiliates and any of the officers, directors, employees, representatives or agents shall not be held liable for any direct, indirect, incidental, special, or consequential damages, including loss of profits, arising out of the use of information contained herein, including through errors whether caused by negligence or otherwise.

Citi and Citi with Arc Design are registered service marks of Citigroup Inc. or its affiliates.